

Piedmont Natural Gas

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S.A.Y

June Moore
Vice President - Customer Service

October 27, 2005

RECEIVED

OCT 28 2005

PSC SC
DOCKETING DEPT.

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VIA UPS OVERNIGHT

Mr. Charles Terreni
Chief Clerk Administrator
Public Service Commission of South Carolina
Synergy Business Park
101 Executive Center Drive
Columbia, South Carolina 29210

2005-349-G

RECEIVED
2005 OCT 28 AM 10:24
SC PUBLIC SERVICE
COMMISSION

Re: Modifications to Piedmont Natural Gas Company, Inc. Equal Payment Plan Provisions

Dear Mr. Terreni:

Due to a number of factors beyond the control of this Commission and the South Carolina natural gas local distribution companies, consumers in this State will experience extraordinarily high wholesale commodity natural gas prices this winter. And while Piedmont Natural Gas Company, Inc. ("Piedmont") maintains a number of practices and procedures designed to help mitigate the impact of wholesale price volatility and to assist customers who are having difficulty paying their bills, these measures do not appear adequate to provide the necessary level of protection to low to moderate income customers served by Piedmont this winter. In particular, the very high natural gas prices anticipated this winter create a significant risk that low to moderate income households (or those living on fixed incomes), that would normally be able to pay their monthly gas bills, may find themselves unable to do so this winter resulting in a risk of termination of service.

In order to mitigate this risk, Piedmont is requesting (by separate filing) a waiver of the Commission's Rules in order to modify the terms of its Equal Payment Plan procedures in South Carolina to make it easier for customers who find themselves in arrears on their gas bills or who are having difficulty staying current, to elect to spread those bills out over time in order to avoid the risk of termination of service for non-payment this winter. The specific modifications Piedmont proposes to implement to its Equal Payment Plan practices are as follows:

1. Customers who are in good standing as of November 1, 2005, and who fail or are unable to make full payment of amounts due for natural gas service rendered on or after November 1, 2005, shall be eligible to enroll in Piedmont's Equal Payment Plan.
2. The calculation of monthly amounts due under Piedmont's Equal Payment Plan shall include any past due balance and shall be generally calculated in conformance with Piedmont's existing plan provisions.

3. If elected by the customer, the Equal Payment Plan billing methodology provided hereunder shall remain in effect until October 1, 2006.

4. So long as customers who have elected to convert to the Equal Payment Plan provisions described herein make their monthly payment, their service will not be terminated this winter.

5. Under this plan, and based on a Benchmark Cost of Gas of \$13.00/dt, the average residential customer's monthly equal payment plan bill (without arrearages) should be in the range of \$100 to \$125 per month. This compares to projected January bills for an average residential customer in the range of \$250 to \$300 per month at a \$13.00 Benchmark Cost of Gas.

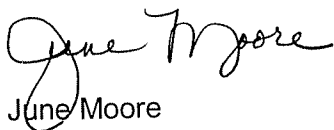
Piedmont believes that these modifications represent a substantial benefit to low to moderate income customers that might otherwise experience difficulty paying their natural gas bills this winter by allowing them to spread the costs (including past due balances) of winter heating service over the spring and summer of next year. In offering this mechanism, Piedmont is waiving the normal requirement that customers be current in their bills in order to be assigned to the Company's Equal Payment Plan. This means that customers who are in good standing on November 1, 2005, that experience difficulty paying their monthly bills this winter will have an additional option to maintain natural gas service by making reasonable monthly payments for that service.

In addition, and pursuant to negotiations with the ORS, Piedmont is implementing a policy that no service terminations will occur if the forecasted average temperature for the next 48 hours is 32 degrees or below.

These modifications are in addition to the other programs and practices in place to assist customers who are having difficulty paying their bills, which include entering into payment arrangements, LIHEAP assistance, Share the Warmth assistance, and referrals to social service agencies.

If you have any questions regarding this matter, you may reach me at the number shown above.

Sincerely,



June Moore

C: Office of Regulatory Staff
Mr. Tom Skains
Mr. Kim Cocklin
Mr. Chuck Fleenor
Mr. Jim Jeffries